



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
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July 16, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**FIVE-YEAR LEASE
DEPARTMENT OF PUBLIC HEALTH
1000 SOUTH FREMONT AVENUE, ALHAMBRA
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

This is a recommendation to approve a new five-year lease for 17,107 rentable square feet of office space and 64 parking spaces to be occupied by the Department of Public Health.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the five-year lease with The Alhambra Office Community, LLC, (Landlord) for the occupancy of 17,107 rentable square feet of office space and 64 parking spaces for the Department of Public Health, at a maximum first year cost of \$618,622. The lease costs are 100 percent funded by State and Federal funds. The lease will be effective upon Board approval.
3. Authorize the Internal Services Department, or the Landlord, at the direction of the Chief Executive Office, to acquire telephone, data, and low voltage systems at a cost not to exceed \$660,000.

4. Authorize the Chief Executive Officer, the Directors of Internal Services, and Public Health to implement the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 2000, the Department of Public Health (DPH) has housed its Substance Abuse and Prevention Control (SAPC) program at 1000 South Fremont Avenue, Alhambra. The SAPC program has experienced considerable growth over the past few years, and the program has 88 approved new budgeted staff positions. However, SAPC has been unable to fill the positions due to a lack of office space. SAPC's current premises of approximately 36,000 rentable square feet are unable to accommodate the new budgeted positions. The proposed lease is intended to fulfill this space requirement for 88 employees.

SAPC's growth can be attributed to additional responsibilities being transferred from the State to the County. Drug Medi-Cal responsibilities, AB109, and Health Care Reform are several of the recent changes impacting SAPC's operations. SAPC's primary function is to administer the County's alcohol and drug programs. These programs include alcohol and drug prevention, as well as treatment and recovery services involving collaboration with community-based service providers.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support the timely delivery of customer-oriented and efficient public services, and Fiscal Sustainability (Goal 2) strengthens and enhances economic and social outcomes through integrated, cost-effective, and client-centered supportive services. The proposed lease supports these goals by delivering a facility that supports efficient public services. The proposed lease is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease will provide DPH the use of 17,107 square feet of office space and 64 parking spaces at a maximum first year cost of \$618,622 or \$36.16 per square foot. The rental costs consist of three components: office rent, parking costs, and Tenant Improvement (TI) reimbursement payments. Annual office rent amounts to \$431,097 or \$25.20 per square feet, annual parking costs amount to \$46,080 or \$2.69 per square feet, and annual TI reimbursement payments may amount to \$141,446 or \$8.27 per square feet if all of the TI allowances are expended and amortized over 60 months at 7 percent. All standard building operating expenses are included in the office rent component, except DPH will pay for excess electrical consumption above and beyond a standard threshold as described in Section 11(b) of the lease.

The office rent is subject to annual adjustment in accordance with changes to the Consumer Price Index (CPI), and the minimum annual adjustment will be 2 percent with a maximum annual adjustment of 5 percent. Attachment B is the fiscal impact/financing overview of the proposed lease.

Sufficient funding for the proposed lease will be included in the Fiscal Year (FY) 2013-14 Rent Expense budget and will be charged back to DPH. DPH will budget sufficient funding in its FY 2013-14 operating budget to cover the projected lease costs, which are fully funded by State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease will provide DPH the use of 17,107 square feet of office space and 64 parking spaces. The proposed lease includes the following provisions:

- The five-year lease term and rent will commence upon substantial completion and acceptance by the County of the TIs provided by the Landlord.
- A full-service gross lease whereby the Landlord will be responsible for all standard operating costs associated with the County's occupancy.
- The Landlord will provide a non-reimbursable base TI allowance of \$35 per square foot, or \$598,745.
- The Landlord will also provide a reimbursable additional TI allowance of \$30 per square foot, or \$513,210, and a change order allowance of \$5 per square foot, or \$85,535, both of which may be paid in a lump-sum or amortized over the initial five years at 7 percent interest.
- The County will have the right to cancel the lease only at the beginning of the 37th month of the lease term upon 270 days prior written notice.
- The base rent of \$431,097 will be subject to annual rental adjustments with a minimum annual adjustment of 2 percent and a maximum annual adjustment of 5 percent based on changes in the CPI.

The Chief Executive Office (CEO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment C shows all County-owned and leased facilities within a ten-mile radius of the subject facility. Based upon the survey, staff has established that the annual rental range for similar space and terms is between \$22.80 and \$27 per square foot on a full-service gross basis. Therefore, the proposed annual rental rate of \$25.20 is in the range of the full-service gross market rates for this area.

The Department of Public Works inspected the facility and has found it suitable for County occupancy. Construction of the TIs will be completed in compliance with the Americans with Disabilities Act and applicable building codes. Additionally, the Landlord will ensure path of travel requirements are met.

A childcare facility is being built by the Landlord for the entire business park.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will allow DPH to continue providing the necessary office space for this County requirement and DPH concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a stylized flourish and a horizontal line.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:KW:ns

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services
Public Health

ATTACHMENT A

**DEPARTMENT OF PUBLIC HEALTH
1000 FREMONT AVENUE, ALHAMBRA**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²		X		
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ²		X		
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program?			X	
B	Is this a long term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? A build-to-suit or capital project is not under consideration at this time as it is not feasible due to scale, cost, and time constraints.			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?				X
D	Why was this program not co-located?				X
	1. ____ The program clientele requires a "stand alone" facility.				
	2. ____ No suitable County occupied properties in project area.				
	3. ____ No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. <u> X </u> The Program is being co-located.				
E	Is lease a full service lease? ²		X		
F	Has growth projection been considered in space request?		X		
G	Has the Dept. of Public Works completed seismic review/approval?		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**FISCAL IMPACT/FINANCING
OVERVIEW OF THE PROPOSED LEASE**

Proposed Lease	1000 Fremont Avenue, Alhambra
Area (Square Feet)	17,107 rentable square feet
Term (years)	Five-years, commencing upon Board approval and County's acceptance of the TI.
Annual Base Rent	\$431,097 (\$25.20 per sq. ft. annually)
Annual TI Reimbursement ⁽¹⁾	\$141,446 (\$8.27 per sq. ft. annually)
Annual Parking Costs	\$46,080 (\$2.69 per sq. ft. annually)
Maximum Annual Lease Cost ⁽²⁾	\$618,622 (\$36.16 per sq. ft. annually)
Base TI Allowance	\$598,745 (\$35 per sq. ft. included in the base rent)
Additional TI Allowance	\$513,210 (\$30 per sq. ft.)
Change Order Allowance	\$85,535 (\$5 per sq. ft.)
Cancellation	On the 37th month only upon 270 days prior written notice
Parking	64 surface parking spaces
Parking Rate	\$720 per space per year
Options to Renew	None
Rental adjustment	Annual Consumer Price Index with a minimum adjustment of two percent and a maximum adjustment of five percent

⁽¹⁾ \$598,745 represents the maximum amount of reimbursable TI and change order funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 7 percent, the annual TI reimbursement amount will be \$141,446.

⁽²⁾ Includes annual base rent, annual parking costs and annual reimbursement of Additional TI and change order allowances.

ATTACHMENT C

DEPARTMENT OF PUBLIC HEALTH SPACE SEARCH 10 MILE RADIUS OF 1000 FREMONT AVENUE, ALHAMBRA

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	Gross SQFT	Net SQFT	Vacant SQFT
A471	THE ALHAMBRA COMPLEX – EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	LEASED	194,141	165,995	NONE
A473	THE ALHAMBRA COMPLEX – SHERIFF'S OMBUDSMAN	1000 S FREMONT AVE, ALHAMBRA 91803	LEASED	3,774	3,265	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	FINANCED	43,500	36,975	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	FINANCED	536,168	363,876	NONE
0901	(FORMER) DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	FINANCED	25,344	14,292	NONE
A539	MENTAL HEALTH-COURT PROGRAM OFFICES	1499 HUNTINGTON DR, SOUTH PASADENA 91030	LEASED	4,210	4,000	NONE
X901	COMM DEV COMM & HOUSING AUTHORITY HDQTS (NEW)	700 W MAIN ST, ALHAMBRA 91801	COMMUNITY DEV COMMISSION	118,265	105,101	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	FINANCED	111,727	65,494	NONE
A450	APD - ALHAMBRA OFFICE	1611 S GARFIELD AVE, ALHAMBRA 91801	LEASED	3,000	2,850	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	OWNED	11,273	7,360	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	FINANCED	125,000	106,250	NONE
X201	EDMUND D EDELMAN CHILDREN'S COURT	201 CENTRE PLAZA DR, MONTEREY PARK 91754	FINANCED	275,530	205,280	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	LEASED	37,590	33,831	NONE
Y307	PUBLIC LIBRARY-CITY TERRACE LIBRARY	4025 E CITY TERRACE DR, EAST LOS ANGELES 90063	OWNED	8,007	6,984	NONE
A327	HS-OFFICE OF MANAGED CARE	1100 CORPORATE CENTER DR, MONTEREY PARK 91754	LEASED	15,280	14,516	NONE
A324	FIRE-EMPLOYEE RELATIONS OFFICE	1255 CORPORATE CENTER DR, MONTEREY PARK 91754	LEASED	3,079	2,925	NONE
A015	DCFS/LASD/FIRE/OPS/ ISD CORPORATE PLACE	2525 CORPORATE PL, MONTEREY PARK 91754	LEASED	40,483	35,248	NONE
A023	LASD/FIRE/OPS/ ISD CORPORATE PLACE	2525 CORPORATE PL, MONTEREY PARK 91754	LEASED	10,941	7,428	NONE
5460	PUBLIC LIBRARY-SAN GABRIEL LIBRARY	500 S DEL MAR AVE, SAN GABRIEL 91776	OWNED	13,718	11,190	NONE
Z110	HSG AU- NUEVA MARAVILLA OFFICE	4919 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	HOUSING AUTHORITY	0	0	NONE
Z367	HSG-ASSISTED HOUSING DIVISION OFFICES	4800 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	HOUSING AUTHORITY	20,000	18,000	NONE
A046	SHERIFF-CITY TERRACE SUBSTATION	4100 CITY TERRACE DR, LOS ANGELES 90063	LEASED	1,076	1,022	NONE
T509	PARKS & REC- PROPOSITION A FIELD OFFICE	4914 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	OWNED	540	424	NONE
Y135	CENTRO MARAVILLA SERVICE CENTER-BLDG B	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	OWNED	3,612	1,948	NONE
Y136	CENTRO MARAVILLA SERVICE CENTER-BLDG C	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	OWNED	4,073	3,112	NONE
2130	PW ROAD-DIV #142 MAINTENANCE YARD OFFICE	4304 EUGENE ST, EAST LOS ANGELES 90022	OWNED	397	227	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR ST, LOS ANGELES 90033	OWNED	10,438	7,224	NONE

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	Gross SQFT	Net SQFT	Vacant SQFT
3241	EAST LOS ANGELES COURTHOUSE	4848 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	FINANCED	126,973	68,003	NONE
T590	ISD-EASTERN AVE TELECOM CUSTOMER SERVICE BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	GRATIS USE	1,224	1,016	NONE
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAILR	1100 N EASTERN AVE, LOS ANGELES 90063	LEASED	7,200	6,840	NONE
3100	NORTHEAST JUVENILE JUSTICE CENTER BLDG-1	1601 EASTLAKE AVE, LOS ANGELES 90033	OWNED	47,579	34,727	NONE
4231	BISCAILUZ-TRAINING/ INTELLIGENCE FACILITY	1060 N EASTERN AVE, LOS ANGELES 90063	OWNED	1,660	1,372	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	4849 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	OWNED	15,584	11,327	NONE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	OWNED	16,571	11,428	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	OWNED	80,309	58,826	NONE
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	OWNED	37,742	28,973	NONE
T039	SHERIFF-EASTERN COMPLEX FLEET SERVICES OFFICE	1104 N EASTERN AVE, LOS ANGELES 90063	OWNED	1,548	1,428	NONE
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE, LOS ANGELES 90063	OWNED	4,960	4,638	NONE
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR ST, LOS ANGELES 90033	OWNED	1,400	1,260	NONE
X707	PUBLIC LIBRARY-ANTHONY QUINN LIBRARY	3965 E CESAR E CHAVEZ AVE, CITY TERRACE 90063	OWNED	7,275	6,077	NONE
T557	FIRE-MANUAL REVISIONS TRAILER	1320 N EASTERN AVE, LOS ANGELES 90063-3294	CONSOLIDATED FIRE PROTECTION DISTRICT	520	479	NONE
3102	JUVENILE HALL-ADMINISTRATION BUILDING-4	1605 EASTLAKE AVE, LOS ANGELES 90033	OWNED	75,907	33,945	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	OWNED	39,015	24,288	NONE
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	OWNED	28,514	21,777	NONE
6496	MED CTR-TRANSPORTATION BUILDING	1830 GRIFFIN AVE, LOS ANGELES 90033	OWNED	1,050	940	NONE
T546	MED CTR-PATIENT FINANCIAL SRVICS OFFICE T-16	1240 N MISSION RD, LOS ANGELES 90033	OWNED	5,190	4,095	NONE
T547	MED CTR-PATIENT FINANCIAL SERVICES T-15	1240 N MISSION RD, LOS ANGELES 90033	OWNED	2,588	1,967	NONE
0808	CORONER-PUBLIC SERVICES/ SKELETON STORE	1104 N MISSION RD, LOS ANGELES 90033	OWNED	18,651	11,430	NONE
6483	MED CTR-MASONRY SHOP OFFICE – BUILDING 100	1739 GRIFFIN AVE, LOS ANGELES 90031	OWNED	1,040	950	NONE
5260	CORONER-ADMINISTRATION / INVESTIGATIONS BLDG	1102 N MISSION RD, LOS ANGELES 90033	OWNED	22,479	14,251	NONE
0522	PUBLIC LIBRARY-EAST LOS ANGELES LIBRARY	4837 E 3RD ST, LOS ANGELES 90022	OWNED	20,000	18,000	NONE
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	OWNED	142,448	79,494	NONE
5412	EAST LOS ANGELES COUNTY HALL	4801 E 3RD ST, EAST LOS ANGELES 90022	OWNED	14,848	10,741	NONE
C269	DPSS-LINCOLN HEIGHTS WS DISTRICT OFFICE	4077 N MISSION RD, LOS ANGELES 90032	OWNED	26,000	18,575	NONE
A095	DMH-LOS ANGELES NORTHEAST WELLNESS CTR	5564 N FIGUEROA ST, LOS ANGELES 90042	LEASED	3,800	3,610	NONE
0135	MED CTR-GARDENER'S OFFICE/ STORAGE BUILDING	1200 N STATE ST, LOS ANGELES 90033	OWNED	612	530	NONE
0284	MED CTR-HEALTH RESEARCH ASSOC'N-TRAILER T-25A	1200 N STATE ST, LOS ANGELES 90033	OWNED	1,200	1,000	NONE

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	Gross SQFT	Net SQFT	Vacant SQFT
0837	MED CTR-PERSONNEL OFFICE BUILDING	1200 N STATE ST, LOS ANGELES 90033	OWNED	2,980	1,761	NONE
0838	MED CTR-QUALITY ASSURANCE UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	OWNED	2,980	2,341	NONE
5509	MED CTR-ANNEX 1/ MASONRY SHOP OFFICE	1200 N STATE ST, LOS ANGELES 90033	OWNED	910	736	NONE
5510	MED CTR-ANNEX 2/ VOLUNTEERS' OFFICE & STORAGE	1200 N STATE ST, LOS ANGELES 90033	OWNED	910	831	NONE
5699	MED CTR-CHAPLAIN'S CENTER	1200 N STATE ST, LOS ANGELES 90033	OWNED	1,940	1,454	NONE
A930	PUBLIC LIBRARY- EL CAMINO REAL LIBRARY	4264 E WHITTIER BLVD, EAST LOS ANGELES 90023	OWNED	3,280	2,563	NONE
T539	MED CTR- CLINICAL RESEARCH TRAILER	1200 N STATE ST, LOS ANGELES 90033	OWNED	780	672	NONE
T541	MED CTR- HOME CARE TRAILER T-4	1200 N STATE ST, LOS ANGELES 90033	OWNED	1,376	1,223	NONE
T542	MED CTR- PATIENT FINANCIAL SERVICES T-5	1200 N STATE ST, LOS ANGELES 90033	OWNED	10,512	7,872	NONE
T543	MED CTR- RESEARCH COMMITTEE TRAILER	1200 N STATE ST, LOS ANGELES 90033	OWNED	384	330	NONE
T544	MED CTR-QUALITY ASSURANCE/ UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	OWNED	4,334	3,629	NONE
T555	MED CTR- PATIENT FINANCIAL SERVICES T-17	1200 N STATE ST, LOS ANGELES 90033	OWNED	4,661	3,482	NONE
T556	MED CTR-PATIENT FINANCIAL SERVICES TRAILER	1200 N STATE ST, LOS ANGELES 90033	OWNED	2,973	2,461	NONE
T618	MED CTR-REPLACEMENT PROJECT REAL ESTATE OFFIC	1200 N STATE ST, LOS ANGELES 90033	OWNED	944	785	NONE
T619	MED CTR-RESEARCH COMMITTEE OFFICE TRAILR T-25	1200 N STATE ST, LOS ANGELES 90033	OWNED	820	702	NONE
T620	MED CTR-EMERGENCY MEDICAL SVCS TRAILER T-18	1200 N STATE ST, LOS ANGELES 90033	OWNED	1,200	1,049	NONE
T226	MED CTR-LOCAL WORKER HIRING PROGRAM BLDG 304	1200 N STATE ST, LOS ANGELES 90033	PERMIT	1,440	1,200	NONE
A043	DA-JUVENILE/BD OF SUPERVISOR- THE WALNUT PLAZA	215 N MARENGO AVE, PASADENA 91101-1505	LEASED	5,784	5,162	NONE
A215	ALT PUBLIC DEFENDER- PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	LEASED	3,200	2,960	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	OWNED	228,638	126,899	NONE
T416	PASADENA COURTHOUSE- TRAILER (DAY ONE, INC)	300 E WALNUT ST, PASADENA 91101	OWNED	1,500	1,425	NONE
A426	DCFS-PASADENA (SPA 3)	532 E COLORADO BLVD, PASADENA 91101	LEASED	75,235	70,721	NONE
A770	DC&FS-CHILDREN'S ADVOCACY CTR-GARFIELD HIGH	5101 E 6TH ST, EAST LOS ANGELES 90022	GRATIS USE	0	0	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	LEASED	131,806	120,000	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	LEASED	120,000	108,000	NONE
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	LEASED	3,710	3,524	NONE
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	LEASED	26,335	25,313	NONE
A470	DIST ATTY-VICTIM- WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	LEASED	6,405	5,868	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	LEASED	41,836	39,744	NONE
5329	PUBLIC LIBRARY- ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	OWNED	29,860	23,394	NONE

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	Gross SQFT	Net SQFT	Vacant SQFT
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	LEASED	163,000	146,700	NONE
D072	DCSS-POTRERO HEIGHTS PARK	8051 ARROYO DR, MONTEBELLO 90640	GRATIS USE	0	0	NONE
1491	PH-CREMATORY OFFICE/ RESIDENCE	3301 E 1ST ST, LOS ANGELES 90063	OWNED	1,517	1,106	NONE
0142	EL PUEBLO REDEVELOPMENT PROPERTY-PLAZA HOUSE	507 N MAIN ST, LOS ANGELES 90012	OWNED	15,618	11,154	NONE
0143	EL PUEBLO REDEVELOPMENT PROPERTY-VICKREY BLDG	501 N MAIN ST, LOS ANGELES 90012	OWNED	34,350	29,710	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	OWNED	83,692	46,440	NONE
A588	SHERIFF'S AB 109 PAROLE COMPLIANCE TEAM	301 S CENTRAL AVE, LOS ANGELES 90013	LEASED	3,100	2,945	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	OWNED	36,224	25,372	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	OWNED	438,095	260,776	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	STATE OF CA AND COUNTY LA (PARTIAL)	1,036,283	516,275	NONE
B446	DHS-SKID ROW CLINIC	512 S SAN PEDRO ST, LOS ANGELES 90013	LEASED	20,628	19,597	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/ GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	OWNED	39,956	25,158	NONE
A275	COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS	2 CORAL CIR, MONTEREY PARK 91755	LEASED	67,500	60,750	NONE
C760	DPSS-EAST L A GROW EMPLOYMENT SERVICES CENTER	2200 N HUMBOLDT ST, LOS ANGELES 90031	LEASED	23,655	17,554	NONE
X015	LOS ANGELES COUNTY LAW LIBRARY	301 W 1ST ST, LOS ANGELES 90012	CONTRACT	215,960	126,000	NONE
A218	MENTAL HEALTH- SKID ROW MANAGEMENT TEAM	420 S SAN PEDRO ST, LOS ANGELES 90013	LEASED	3,516	3,340	NONE
3155	PERFORMING ARTS CTR- DE LISA BLDG/THE ANNEX	301 N GRAND AVE, LOS ANGELES 90012	OWNED	27,582	17,978	NONE
A567	DCFS - F.I.L.P. (PASADENA ALUM SUP CTR/TRC)	1395 E ORANGE GROVE BLVD, PASADENA	PERMIT	200	190	NONE
B426	DMH-ADULT SYSTEMS OF CARE-FSP	426 S SAN PEDRO ST, LOS ANGELES 90013	LEASED	6,500	6,175	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	OWNED	958,090	592,835	NONE
B447	DMH-PROJECT 50 (OFFICE ONLY)	521 S SAN PEDRO ST, LOS ANGELES 90013	LEASED	2,540	2,413	NONE
0041	PW ROAD- DIV #519 MAINT YD OFFICE	5213 N ENCINITA AVE, TEMPLE CITY 91780	OWNED	550	495	NONE
A442	MENTAL HEALTH- LAPD - SMART TEAM OFFICE	419 S SPRING ST, LOS ANGELES 90013	GRATIS USE	1,000	1,000	NONE
5546	PH-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	OWNED	60,924	34,748	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	STATE OF CA AND COUNTY LA (PARTIAL)	794,459	489,254	NONE
A159	DISTRICT ATTORNEY- FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	LEASED	87,810	83,420	NONE
5456	HEALTH SERVICES A ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	OWNED	221,359	134,851	NONE
A118	CITIZENS COMMISSION ON JAIL VIOLENCE	355 S GRAND AVE, LOS ANGELES 90071	GRATIS USE	0	0	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012	LEASED	30,905	27,158	NONE
5805	MENTAL HEALTH COURTHOUSE	1150 N SAN FERNANDO RD, LOS ANGELES 90065	STATE OF CA AND COUNTY LA (PARTIAL)	28,523	20,734	NONE

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	Gross SQFT	Net SQFT	Vacant SQFT
A632	PUBLIC DEFENDER-PIAS ET. AL.	312 S HILL ST GRAND CENTRAL MARKET, LOS ANGELES 90012-3503	LEASED	9,782	9,293	NONE
A384	AG COMM/WTS & MEASURES- DOWNTOWN MARKET OFFICE	1320 E OLYMPIC BLVD, LOS ANGELES 90021	LEASED	776	776	NONE
A405	BOS/ARTS COMMISSION- WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD SUITE 800, LOS ANGELES 90017	LEASED	7,873	7,479	NONE
A216	DPSS-APPEALS & STATE HEARINGS	811 WILSHIRE BLVD, LOS ANGELES 90017	LEASED	4,512	4,286	NONE
A627	COUNTY ADMIN OFFICES- LA WORLD TRADE CTR	350 S FIGUEROA ST, LOS ANGELES 90071	LEASED	52,516	49,890	NONE
D015	DPSS-CATHOLIC CHARITIES COMPUTER CENTER	1530 JAMES M WOOD BLVD, LOS ANGELES 90017	PERMIT	200	200	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	LEASED	46,228	42,065	NONE
X194	PW EATON YARD- MAINTENANCE OFFICE	2811 WOODLYN RD, PASADENA 91107	OWNED	2,816	2,534	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	LEASED	62,000	60,140	NONE
A675	DA-METRO COURT/DCFS METRO NORTH/ERCP/CALL CTR	1933 S BROADWAY, LOS ANGELES 90007	LEASED	148,483	141,059	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	STATE OF CA AND COUNTY LA (PARTIAL)	303,433	136,422	NONE
A336	SHERIFF-WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	LEASED	7,755	7,115	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	LEASED	281,988	237,432	NONE
F359	PW FLOOD- EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	OWNED	4,130	3,717	NONE
F367	PW FLOOD- EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	OWNED	2,880	2,592	NONE

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: Public Health, as Tenant

**LANDLORD: The Alhambra Office Community, LLC, a Delaware limited liability
company**

[1000 South Fremont Avenue, Alhambra]

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**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 2013, between **THE ALHAMBRA OFFICE COMMUNITY, LLC**, a Delaware limited liability company ("**Landlord**"), and **COUNTY OF LOS ANGELES**, a body politic and corporate ("**Tenant**" or ("**County**").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice: The Alhambra Office Community, LLC
1000 South Fremont Avenue
Unit 1, Building A10C, Suite 10150
Alhambra, California 91803
Attn: Senior Development Manager
Telephone No.: (626) 300-5000
Facsimile No.: (626) 300-5025

with copies to:

c/o AIG Global Real Estate Investment Corp.
555 California Street, Suite 3130
San Francisco, California 94104
Attention: Mike Sahlman
Telephone: (415) 399-5840
Telecopier: (415) 399-5841

and

c/o AIG Global Real Estate Investment Corp.
70 Pine Street, 4th Floor
New York, New York 10270
Attention: General Counsel
Telephone: (212) 770-8300
Telecopier: (212) 770-8499

and

DLA Piper LLP (US)
550 South Hope Street, Suite 2300
Los Angeles, California 90071
Attention: Jackie Park, Esq.
Telephone: (213) 330-7743
Telecopier: (213) 330-7543

(b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

(c) Premises: Approximately 15,206 useable square feet and
17,107 rentable square feet on the 4th Floor in
the A9 West Building (defined below) as
shown on Exhibit A attached hereto.

(d) Complex: An office building project located at 1000
South Fremont Avenue, Alhambra, California,
as shown on the site plan attached as
Exhibit A-1 and made a part hereof. The
Complex is currently assessed by the County
Assessor as APN 5342-001-021, 5342-001-
024 and 5342-001-025.

(e) Building: Building A-9 West, depicted on Exhibit A-1
attached hereto.

(f) Term: Five years commencing thirty (30) days after
Tenant's Acceptance of the Premises as
defined in Section 4(a) (the "**Commencement
Date**"); and terminating at midnight on the
day before the Fifth anniversary of the
Commencement Date (the "**Termination
Date**"), subject to earlier termination by
Tenant as provided herein. The phrase "**Term**

of this Lease” or “the Term hereof” as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.

- (g) Projected Commencement Date: January 1, 2014
- (h) Commencement Date: See Section 4
- (i) Irrevocable Offer Expiration Date: July 31, 2013
- (j) Base Rent: \$35,924.70 per month (which is based upon a rental rate of \$2.10 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)
- (k) Early Termination Notice Date: At the beginning of the 37th month of the Lease Term
- (l) Rentable Square Feet in the Premises: 17,107
- (m) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (n) Initial Departmental Use: Public Health
- (o) Parking Spaces: 64 unreserved parking spaces. Parking shall be paid as additional rent at the rate of \$60 per space per month or \$3,840 per month for 64 unreserved parking spaces. This rate shall increase to \$65 per space per month at the beginning of the 31st month of the Term.
- (p) Normal Working Hours: 7:00 a.m. to 6:00 p.m., Monday through Friday, except New Year’s Day, President’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of

Los Angeles, California. (Please see Section 11 re: after-hours services and utilities.)

- (q) Asbestos Report: A report dated May 10, 2013 prepared by Vista Environmental Consulting, a licensed California Asbestos contractor.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: \$598,745.00 (calculated at \$35.00 per rentable square foot of the Premises).
- (b) Additional Tenant Improvement Allowance: \$513,210.00 (calculated at \$30.00 per rentable square foot of the Premises).
- (c) Maximum Change Order Allowance: \$85,535.00 (calculated at \$5.00 per rentable square foot of the Premises).
- (d) Additional Tenant Improvement and Change Order Amortization Rate: 7% per annum
- (e) Tenant's Work Letter Representative: Kevin Webb
- (f) Landlord's Work Letter Representative: Michael Taylor
- (g) Landlord's Address for Work Letter Notice:
The Alhambra Office Community, LLC
1000 South Fremont Avenue
Unit 1, Building A10C, Suite 10150
Alhambra, California 91803
Attention: Victoria Deise Wilson
- (h) Tenant's Address for Work Letter Notice:
Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

1.3 Exhibits to Lease:

Exhibit A-Floor Plan
Exhibit A-1-Site Plan (Complex and Building)
Exhibit B-Commencement Date
Memorandum
Exhibit C-Cleaning Schedule
Exhibit D-Tenant Estoppel Certificate
Exhibit E-Subordination, Non-disturbance
and Attornment Agreement
Exhibit F-Nondisturbance Agreement
Exhibit G-Request for Notice
Exhibit H-Community Business Enterprises
Exhibit I-Amortization Tables

1.4 Landlord's Work Letter:
(Executed concurrently with this Lease and made
a part hereof by this reference):

Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Memorandum of Tenant
Improvements Costs
Addendum D: Space Plan

2. PREMISES.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto, which Premises is located in the Building described and depicted in Section 1 and Exhibit A-1 attached hereto. The Building is part of the Complex located at 1000 South Fremont Avenue depicted on the site plan attached hereto as Exhibit A-1.

(b) Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("**Board of Supervisors**") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("**BOMA**") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce any payments set forth in this Lease based upon the rentable square feet contained in the Lease, including the Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord

and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Base Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. **COMMON AREAS.** Tenant may use the following areas in common with Landlord and other tenants of the Building ("**Building Common Areas**") and the Complex ("**Complex Common Areas**") (Building Common Areas and Complex Common Areas are collectively, "**Common Areas**"): the entrances, lobbies and other public areas of the Building and the Complex, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building and the Complex. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. **COMMENCEMENT AND EXPIRATION DATES.**

(a) **Term.** The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin thirty (30) days after Tenant's Acceptance of the Premises. The term "**Tenant's Acceptance of the Premises**" (which will also be defined as the "**Commencement Date**") as used in this Lease shall mean the earlier of the date upon which (a) Tenant commences business operations in the Premises, (b) the Premises are Substantially Complete, or (c) the Premises would have been Substantially Complete but for Tenant Delays. The terms "Tenant Improvements" and "Tenant Delays" are defined in the Landlord Work Letter. The term "**Substantially Complete**" or "**Substantial Completion**" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy (or its equivalent) for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational to the extent installed by Landlord.

(b) Termination Right. If the Commencement Date has not occurred within 60 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs and as long as Landlord shall not have delivered to Tenant the Premises Substantially Completed, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Upon receipt of Landlord's consent, Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early entry shall not advance the Commencement Date, provided (a) Tenant does not commence business operations from any part of the Premises, and (b) Tenant's early entry does not interfere with, or delay, the completion of the Tenant Improvements. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Base Rent for such early occupancy period. If Tenant is allowed early entry, Landlord shall not be responsible for, and Tenant is required to obtain insurance covering, any loss, including theft, damage or destruction to any work or material installed or stored by Tenant or Landlord, or any contractor or individual involved in the completion of the Tenant Improvements, or for any injury to Tenant or its agents, contractors and/or employees or to any other person. Landlord shall have the right to post the appropriate notices of nonresponsibility and to require Tenant to provide Landlord with evidence that Tenant has fulfilled its obligations to provide insurance pursuant to this Lease.

(d) Early Termination. Tenant shall have a one-time right to terminate this Lease on the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 270 days' prior written notice executed by the Chief Executive Officer of Tenant ("**Termination Notice**"). Within thirty (30) days of delivery by Tenant to Landlord of the Termination Notice, Tenant shall reimburse Landlord for the unamortized Base TI Allowance, Additional TI Allowance, Maximum Change Order Allowance (to the extent used by Tenant) and Brokerage Commissions ("**Termination Fee**") as set forth in the attached Amortization Tables referenced as Exhibit "I" attached hereto and incorporated herein by this reference, calculated at an interest rate of seven percent (7%) per annum. Subject to the terms hereof, if Tenant properly exercises such option to terminate this Lease, such termination shall be effective as of the Early Termination Notice Date. If Tenant fails to exercise its rights under this Section 4(d) strictly in accordance with the terms and conditions set forth herein (including without limitation, failure to pay the Termination Fee as set forth herein), such right shall be null and void and shall be of no further force or effect.

5. RENT.

(a) Base Rent. Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "**County**") prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month ("**Base Rent**").

The Base Rent for the first full month of the Lease Term shall be paid within thirty (30) days of the Commencement Date.

If any rental payment date (including the Commencement Date) falls on a day of the month other than the first day of such month or if any rental payment is for a period which is shorter than one month, then the rental for any such fractional month shall be a proportionate amount of a full calendar month's rental based on the proportion that the number of days in such fractional month bears to the number of days in the calendar month during which such fractional month occurs. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

(b) Rent Adjustment. At the beginning of the 13th month of the Lease Term (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below.

(c) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced (the "Base Index"). If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(d) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{[\text{Base Index}]} \times \$35,924.70 \text{ (Base Rent)} = \text{New Monthly Base Rent}$$

(e) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI formula result in an annual increase less than two percent (2%) nor more than five percent (5%) per year of the previous month's Base Rent. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use, as long as such use is consistent with the character of the Complex and allowed by applicable laws. Tenant agrees that it will not use or suffer or permit any person to use the Premises or any part thereof for any purpose in violation of the laws of California or the ordinances, regulations or requirements of the local municipal or county governing body or other

lawful authorities having jurisdiction over the Complex. Tenant shall comply with all recorded covenants, conditions and restrictions, and the provisions of all ground or underlying leases now or hereafter affecting the Complex.

7. **HOLDOVER.** If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days' written notice from Landlord or the Chief Executive Officer of Tenant at 150% of the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

Nothing contained in this Section 7 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 7 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law.

8. **COMPLIANCE WITH LAW.** Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the Term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises. Landlord's failure to comply with such legal requirements shall constitute a Landlord Default under this Lease (subject to applicable notice and cure periods set forth in Section 14(a)).

9. **DAMAGE OR DESTRUCTION.**

(a) **Damage.** In the event any portion of the Premises is damaged by fire or any other casualty rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage, and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within thirty (30) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a Landlord Default hereunder. Base Rent shall proportionally abate to the extent that the Premises are unusable by Tenant and not occupied by Tenant as a result thereof. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other casualty rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, then upon not less than thirty (30) days' prior written notice to Landlord, Tenant may (a) declare a default hereunder, or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum from the Base Rent next due as a charge against the Landlord; provided, however, that if the nature of such repair or restoration is such that more than thirty (30) days is reasonably required, based on Tenant's review of the restoration bids, for completion of the same, then such thirty (30)-day period shall be extended as may be reasonably required provided that Landlord shall have undertaken such repair or restoration within said thirty (30)-day period and shall diligently prosecute the same to completion.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials in violation of Environmental Laws (as hereinafter defined); and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building and the Premises, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable, (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building, (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting, it shall be replaced as needed but not less often than after five years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five years); and (5) signage.

(c) Tenant Obligations. Without limiting Landlord's obligations, Tenant shall, at Tenant's sole expense, keep the Premises (including all improvements, fixtures and furnishings therein) in good order, repair and condition at all times during the Lease Term, wear and tear excepted, and be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt by Landlord of such notice, but in any event not later than ten (10) business days after the receipt by Landlord of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws. Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action is required under the terms of this Lease to be taken by Landlord and is not taken by Landlord within such period (unless such notice is not required as provided above), and Tenant takes such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days from receipt by Landlord of invoices and back-up documentation, Tenant shall

be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning (“**HVAC**”), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings.

In the event Tenant requires HVAC on Saturdays or beyond Normal Working Hours, Tenant shall give Landlord prior notice thereof (pursuant to procedures as shall have been established by Landlord from time to time), and Landlord shall supply such HVAC at such hourly cost to Tenant as Landlord shall from time to time establish to reimburse Landlord for its costs incurred to provide such HVAC, which cost is \$83 - \$114 per hour as of the date hereof.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises (“**Building Electricity**”), for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises. Without limiting the foregoing, Tenant may at its sole cost and expense (subject to the right of Tenant to use the Tenant Improvement Allowance) elect to install electrical gear and equipment to achieve an electric current connected load exceeding the Building Electricity. Tenant hereby acknowledges and agrees that any electrical gear and equipment installed by Tenant shall not exceed the capacity of the feeders, risers or electrical installations of the Building. Tenant shall not install in the Premises office equipment, lighting fixtures or similar items which will generate above average heat, noise or vibration at the Premises or which will adversely affect the temperature maintained by the HVAC system. If in any calendar month, Tenant is using electricity in excess of seven watts per rentable square feet in the Premises multiplied by the number of Normal Working Hours in any month (“**Maximum Monthly Electrical Consumption**”), Tenant shall pay to Landlord within sixty (60) days of receipt of an invoice from Landlord for the actual cost of its electrical usage in excess of the Maximum Monthly Electrical Consumption (MMEC). The calculation of Tenant’s electrical usage and the MMEC shall not include electrical consumption associated with the Base Building HVAC system. By way of example, if total electrical consumption for the Premises is 10 watts and Base Building HVAC account for 2 watts then Tenant is responsible for 8 watts and would make a payment for the overage of 1 watt (8 watts – 7 watts).

Tenant shall have the right to audit these costs (which audit shall include review of only the following: Landlord’s method of submetering electricity, Landlord’s calculation of electricity used by Tenant in excess of the MMEC, and electricity bills) for a period of twelve

(12) months from the receipt by Tenant of each invoice therefor from Landlord. An audit conducted by Tenant herein shall be done at Tenant's sole cost and expense by Tenant's internal electrical engineer or a third party electrical engineer selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld). In the event an audit conducted by Tenant shows that Tenant has been overcharged for its electrical usage in excess of the MMEC, Tenant shall provide Landlord with a copy of such audit and Landlord shall, within sixty (60) days of receipt of the copy of such audit, credit Tenant the amount of any such overpayment made by Tenant. In the event that Landlord disagrees with the result of Tenant's audit, Landlord shall have the right to hire a third party electrical engineer (which third party electrical engineer shall be approved by Tenant, which approval not to be unreasonably withheld and shall be granted or withheld for reasonable reasons within five (5) days of receipt by Tenant of the name of such electrical engineer) and the decision of such third party electrical engineer shall be binding on Landlord and Tenant. There shall be a reconciliation of the cost of electricity based on the finding of such third party electrical engineer, and the cost of such electrical engineer shall be shared equally by Landlord and Tenant.

(c) Elevators. Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(g) Utility Charges. Landlord agrees to pay when due all charges for the use of the sewer, effluent treatment (when and if imposed by any Governmental authority), water, sprinkler standby charges, electricity, gas, power and other utility charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro rated or measured by separate meters.

(h) Interruption of Use. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution does not exceed five (5) business days or is occasioned, in whole or in part, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building after reasonable effort to do so, by any change in the electric service

provider, by any accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Section 11.

In the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, for five (5) consecutive business days (the "**Eligibility Period**") as a result of (a) any repair, maintenance or alteration performed by Landlord after the Commencement Date and required or permitted by the Lease, which substantially interferes with Tenant's use of the Premises, or (b) any failure by Landlord to provide Tenant with services or access to the Premises, then Tenant's Rent shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises. In the event Tenant does not use the Premises or a portion thereof for longer than five (5) business days as set forth herein, then Landlord shall be in default under this Lease, in which event Tenant shall have all the remedies and rights set forth in Section 14(a) of the Lease following the applicable notices to Landlord and expiration of the applicable cure periods.

12. LANDLORD ACCESS. Landlord reserves the right at all reasonable times and upon reasonable advance notice, of 1-24 hours, to the Tenant to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to the ground or underlying lessors; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building if necessary to comply with current building codes or other applicable laws, or for structural alterations, repairs or improvements to the Building. Notwithstanding anything to the contrary contained in this Section 12, Landlord may enter the Premises at any time to (A) perform services required of Landlord; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Any such entries shall be without the abatement of Rent and shall include the right to take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In a safety emergency that creates an immediate and imminent danger to the Premises or persons therein, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a “**Tenant Default**”) shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of five (5) days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the Tenant default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant’s right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord’s default provided by Sections 8, 9(d), 10(c) 19 and 20(b), Landlord shall be in default (“**Landlord Default**”) in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within twenty (20) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such twenty (20)-day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant’s occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies as may be provided by law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys’ fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages or loss arising from Landlord’s failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable determination of Tenant, create or allow to persist an emergency condition, or materially and adversely affect the operation of Tenant's business in the Premises. For purposes of this Section 14(c), an emergency condition or a condition that would materially or adversely affect the operation of Tenant's business in the Premises shall be limited to events and/or conditions that could cause personal injury or material property damage.

15. ASSIGNMENT AND SUBLETTING. Tenant shall not, without the prior written consent of Landlord, (which consent shall not be unreasonably withheld), assign, mortgage, pledge, hypothecate, encumber or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment or other such foregoing transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or permit the use of the Premises by any person other than Tenant (all of the foregoing, a "**Transfer**"). Any Transfer made without Landlord's prior written consent shall constitute a default by Tenant under this Lease. Whether or not Landlord grant such consent, Tenant shall pay review and processing fees that are actually incurred by Landlord, (up to \$2,000 for each Transfer), within thirty (30) days after written request by Landlord.

If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer, and (iv) no Transfer, whether or without Landlord's consent, shall relieve Tenant from liability under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "**Alterations**") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) Landlord may impose, as a condition of its consent to all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, materials, mechanics and materialmen approved by

Landlord. In any event, a contractor approved by Landlord shall perform all mechanical, electrical, plumbing, structural, and heating, ventilation and air conditioning work, and such work shall be performed at Tenant's cost. Tenant shall not be required to obtain Landlord's approval of the contractor when the work will be performed by Los Angeles County Internal Services Department staff. Tenant shall construct such Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and pursuant to a valid building permit, issued by the city in which the Building is located, in conformance with Landlord's construction rules and regulations. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. Upon completion of any major Alterations involving a cost of at least \$50,000 or more, excluding telecommunication installations or alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to Landlord a reproducible copy of the "as built" drawings of the Alterations.

In connection with any Tenant Alterations, Tenant shall pay to Landlord a percentage of the cost of such work (such percentage to be established on a uniform basis for the Complex) sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such Alterations.

(c) End of Term. Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given upon any earlier termination of this Lease, require Tenant at Tenant's expense to remove any Alterations from the Premises and to repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations, Landlord may do so and may charge the cost thereof to Tenant.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "**Condemnation**" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "**Condemnor**" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "**Date of Taking**").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "**Determination Date**"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "**Award**" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Complex, the Building or the Premises as a result of any negligent act, omission or willful misconduct of Tenant or its agents, contractors or employees ("**Tenant Parties**"), or arising from any default of this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any

injury or damage to any person or property, occurring in or about the Complex, the Building or the Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors ("**Landlord Parties**"), or arising from breach or default under this Lease by Landlord or Landlord Parties. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

The provisions of this Section 18 shall survive the expiration or earlier termination of this Lease with respect to any claims occurring prior to such expiration or termination.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000; and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Landlord shall be written as primary policies, not contributing with, and not in excess of coverage which Tenant may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its

general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive unreserved parking stalls set forth in Section 1 and shall rent parking passes at the charges set forth in Section 1 of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

Landlord specifically reserves the right to change the size, configuration, design, layout, location and all other aspects of the parking facilities and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease (except as provided in Section 11(i)), from time to time, close-off or restrict access to the parking facilities, or relocate Tenant's parking passes to other parking structures and/or surface parking areas within the Complex, for purposes of permitting or facilitating any such construction, alteration or improvements with respect to the parking facilities or to accommodate or facilitate renovation, alteration, construction or other modification of other improvements or structures located on the Complex. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord and such owner. Notwithstanding the foregoing, Landlord shall provide alternative parking arrangements within 600 feet of the premises or within the office campus complex in the event Tenant parking rights are interrupted. Tenant shall be responsible for any parking tax or other charges imposed by governmental authorities in connection with the use of such parking, which taxes and/or charges shall be paid directly by Tenant or the parking users, or, if directly imposed against Landlord, Tenant shall reimburse Landlord for all such taxes and/or charges concurrent with its payment of the parking rates described herein.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant,

(in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to \$65 per parking stall per month for the parking spaces not provided

21. ENVIRONMENTAL MATTERS.

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "**Hazardous Materials**" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "**Environmental Laws**" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

Notwithstanding the foregoing, in no event shall Landlord be liable for consequential damages and/or punitive damages in connection with this Section 21(b).

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit "D" attached hereto and incorporated herein by this reference but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Complex, the Building and the Premises free from any liens which would impair the interest of Tenant hereunder.

25. SUBORDINATION AND MORTGAGES.

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Complex and/or Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of a Subordination, Nondisturbance and Attornment Agreement, attached hereto as Exhibit "E" and incorporated herein by this reference, and provided further that no such subordination shall affect any option to extend the Term of this Lease or right of first offer to lease additional premises which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Complex and/or Building shall provide a written agreement to Tenant in the form of Exhibit "F" attached hereto and incorporated herein by this reference delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Exhibit "G" attached hereto and incorporated herein by this reference delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional thirty (30) days within which to cure such default.

26. **SURRENDER OF POSSESSION.** Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant shall remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. **SIGNAGE.** Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. **QUIET ENJOYMENT.** So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. **GENERAL.**

(a) **Headings.** Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) **Successors and Assigns.** All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) **Brokers.** Except for CB Richard Ellis, Inc., Landlord and Tenant each represent and warrant to each other that it has not engaged any other broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten (10) days after the execution of this Lease, an amount equal to fifty percent (50%) of all commissions due to Landlord's broker as a result of the execution of this Lease.

(d) **Entire Agreement.** This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) **Notices.** All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing

proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1, or to such other address as Tenant or Landlord may from time to time designate in a notice to the other party. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefor, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit "H" attached hereto and incorporated herein by this reference delivered to Landlord concurrently herewith.

(l) Binding Effect. Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective successors or assigns.

(m) Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, the "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

(n) Waiver of Jury Trial. If either party commences litigation against the other for the specific performance of this Lease, for damages for the breach hereof or otherwise

for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a trial by jury. In the event of any dispute regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of California Code of Civil Procedure Section 1280, et. seq., as they now exist or may later be amended. The Chief Executive Officer or County Counsel shall determine the designee who shall act on behalf of Tenant in the Arbitration Proceedings. The cost of the Arbitration Proceedings shall be shared equally between Landlord and Tenant.

30. AUTHORITY.

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its designee (the "**Chief Executive Officer**") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("**GAIN**") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication,

suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "**Security Agreement.**" Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

"LANDLORD"


**THE ALHAMBRA OFFICE
COMMUNITY, LLC,**
a Delaware limited liability company

By: **AIGGRE-TRC Alhambra Stabilized
Project, LLC,**
a Delaware limited liability company,
its Sole Member

By: **AIGGRE-TRC Alhambra, LLC,**
a Delaware limited liability company,
its Sole Member

By: **Ratkovich 1000, LLC,**
a California limited liability company,
its Administrative Member

By: **Ratkovich Investment Company, LLC,**
a California limited liability company,
its Managing Member

By: 
Print Name: WAYNE RATKOVICH
Title: MANAGING MEMBER

"TENANT"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____

Name: _____
Chair, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: 
Deputy

EXHIBIT A

FLOOR PLAN OF PREMISES

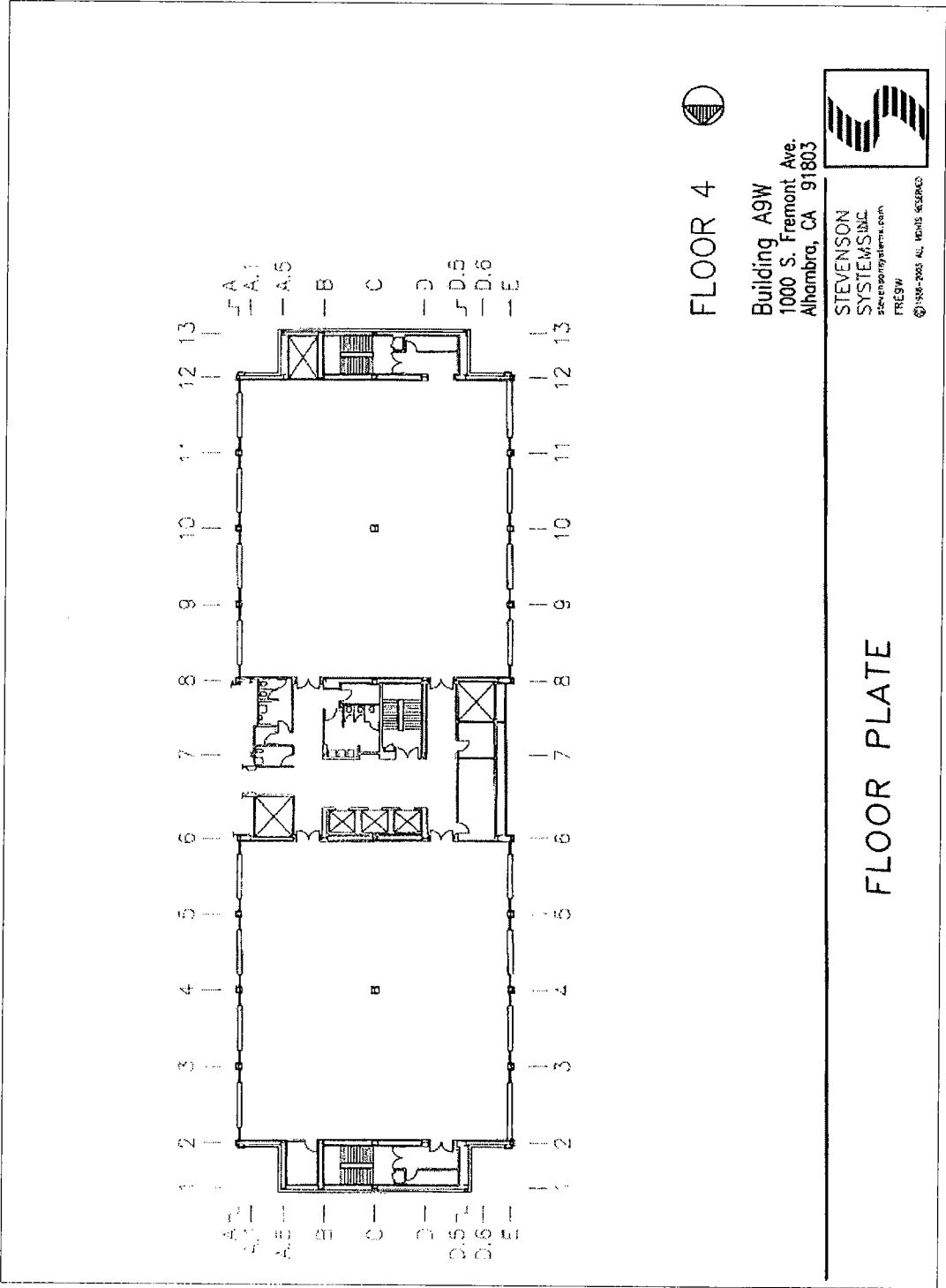


EXHIBIT A-1

SITE PLAN

(COMPLEX AND BUILDING)

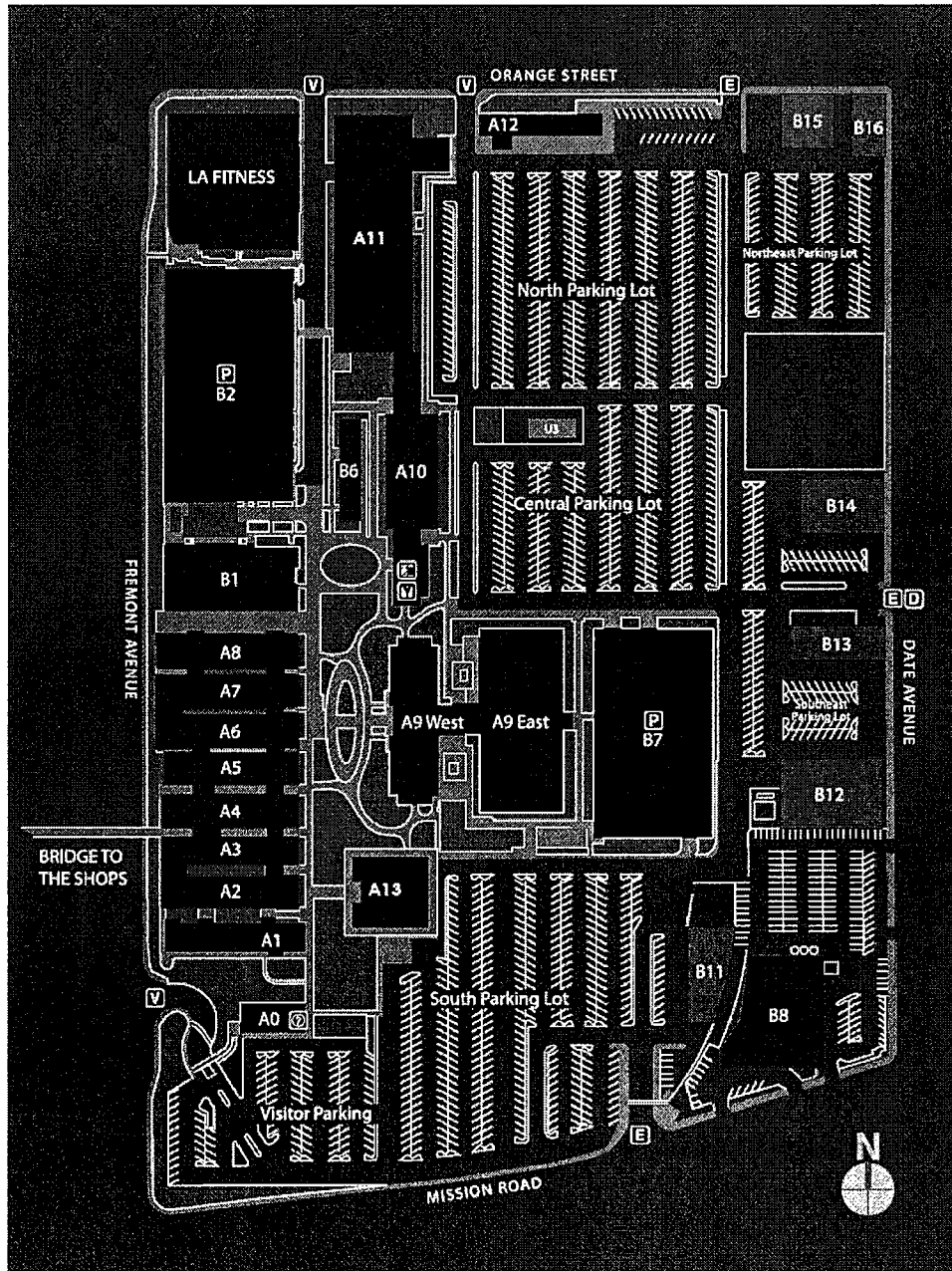


EXHIBIT B

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("**Lease**") dated _____, 2012, between County of Los Angeles, a body politic and corporate ("**Tenant**"), and _____, a _____ ("**Landlord**"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("**Premises**"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("**Possession Date**");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("**Commencement Date**");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Base Rent per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

a _____

By: _____
Name: _____
Its: _____

EXHIBIT C

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (MONDAY THROUGH FRIDAY)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti in common areas expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. All painted wall and door surfaces washed and stains removed.
- B. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- B. Touch-up paint all interior painted surfaces in a color and finish to match existing.
- C. HVAC chiller water checked for bacteria, water conditioned as necessary.
- D. Draperies or mini-blinds cleaned as required.
- E. Windows washed as required inside and outside.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance, as determined in Landlord's sole discretion. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition, as determined in Landlord's sole discretion.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) elevator lobby with a frequency of quarterly [four (4) times per year]; and (ii) within the Premises once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT D

TENANT ESTOPPEL CERTIFICATE

To: _____

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles (“**Tenant**”) hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant’s interest under the lease described above, as it may be amended to date (the “**Lease**”). The Lease covers the premises described above (the “**Premises**”) in the building (the “**Building**”) at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

 (d) Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.

 (e) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (f) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force

and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to Tenant Improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Space above for Recorder's Use

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in Section 3 hereof.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "**Transfer of the Property**" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "**Purchaser**", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted in the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective

upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

APPROVED AS TO FORM

JOHN F. KRATTLI
County Counsel

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Deputy

By: _____
Director of Real Estate

BORROWER:

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender]*,
By: _____

NONDISTURBANCE AND ATTORNMENT AGREEMENT

Space above for Recorder's Use

F-1

including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

2. Nondisturbance. The Transfer of the Property or enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.

3. Attornment. Provided that Lender complies with Section 2 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

4. Lender Not Obligated. Provided that Lender complies with Section 2 above, Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

5. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

6. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State. This Agreement is the entire agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

APPROVED AS TO FORM

JOHN F. KRATTLI
County Counsel

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Deputy

By: _____
Director of Real Estate

BORROWER: [Insert name of Landlord]

By: _____
Name: _____
Title: _____

LENDER: [Insert name of Landlord]

By: _____
Name: _____
Title: _____

EXHIBIT G

REQUEST FOR NOTICE

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924 CIVIL CODE)

In accordance with Section 2924, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

LENDER:

_____,
a _____

By: _____
SIGNEE'S NAME _____

Its: SIGNEE'S TITLE _____

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF _____ ss.

On this ____ day of _____, 20__, before me, _____
a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the basis of satisfactory
evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),
and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature _____
My commission expires _____

EXHIBIT H

COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name

Address

Contact Name

Telephone No.

Total # of Employees

Business Structure*

*Corporation, Partnership, etc.

MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS	ASSOCIATE PARTNERS
Black/African American		
Hispanic/Latin		
Asian American		
Portuguese American		
A. Indian/Alaskan		
All Others		

TOTAL

Women*

**Should be included in counts above and reported separately)*

PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		

Portuguese American

American Indian/Alaskan Native

All Others

TOTAL

Women*

**Should be included in counts above and reported separately*

CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

yes

No

State of California?

City of Los Angeles?

Federal Government?

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM

Initial

Initial here if applicable

SIGNED:

TITLE:

DATE:

EXHIBIT I
AMORTIZATION TABLES

LA County (Ste. W9400) - Amortization Schedule

Base TI Allowance	\$598,745.00	Termination Fee @ Mo. 37	\$589,957.71
Additional TI Allowance	\$513,210.00		
Maximum Change Order Allowance	\$85,535.00		
Brokerage Commissions	\$136,466.03		
Total Loan Amount	\$1,333,956.03		
Annual interest rate	7.00%		
Period	60		
Start date of loan	1/1/2014		

Month	Date	Payment	Principal	Month	Date	Payment	Principal
1	1/1/2014	(\$26,413.93)	(\$18,632.52)	31	7/1/2016	(\$26,413.93)	(\$22,184.63)
2	2/1/2014	(\$26,413.93)	(\$18,741.21)	32	8/1/2016	(\$26,413.93)	(\$22,314.04)
3	3/1/2014	(\$26,413.93)	(\$18,850.53)	33	9/1/2016	(\$26,413.93)	(\$22,444.21)
4	4/1/2014	(\$26,413.93)	(\$18,960.49)	34	10/1/2016	(\$26,413.93)	(\$22,575.13)
5	5/1/2014	(\$26,413.93)	(\$19,071.10)	35	11/1/2016	(\$26,413.93)	(\$22,706.82)
6	6/1/2014	(\$26,413.93)	(\$19,182.34)	36	12/1/2016	(\$26,413.93)	(\$22,839.28)
7	7/1/2014	(\$26,413.93)	(\$19,294.24)	37	1/1/2017	(\$26,413.93)	(\$22,972.51)
8	8/1/2014	(\$26,413.93)	(\$19,406.79)	38	2/1/2017	(\$26,413.93)	(\$23,106.51)
9	9/1/2014	(\$26,413.93)	(\$19,520.00)	39	3/1/2017	(\$26,413.93)	(\$23,241.30)
10	10/1/2014	(\$26,413.93)	(\$19,633.86)	40	4/1/2017	(\$26,413.93)	(\$23,376.88)
11	11/1/2014	(\$26,413.93)	(\$19,748.39)	41	5/1/2017	(\$26,413.93)	(\$23,513.24)
12	12/1/2014	(\$26,413.93)	(\$19,863.59)	42	6/1/2017	(\$26,413.93)	(\$23,650.40)
13	1/1/2015	(\$26,413.93)	(\$19,979.46)	43	7/1/2017	(\$26,413.93)	(\$23,788.36)
14	2/1/2015	(\$26,413.93)	(\$20,096.01)	44	8/1/2017	(\$26,413.93)	(\$23,927.13)
15	3/1/2015	(\$26,413.93)	(\$20,213.24)	45	9/1/2017	(\$26,413.93)	(\$24,066.70)
16	4/1/2015	(\$26,413.93)	(\$20,331.15)	46	10/1/2017	(\$26,413.93)	(\$24,207.09)
17	5/1/2015	(\$26,413.93)	(\$20,449.75)	47	11/1/2017	(\$26,413.93)	(\$24,348.30)
18	6/1/2015	(\$26,413.93)	(\$20,569.04)	48	12/1/2017	(\$26,413.93)	(\$24,490.33)
19	7/1/2015	(\$26,413.93)	(\$20,689.02)	49	1/1/2018	(\$26,413.93)	(\$24,633.19)
20	8/1/2015	(\$26,413.93)	(\$20,809.71)	50	2/1/2018	(\$26,413.93)	(\$24,776.89)
21	9/1/2015	(\$26,413.93)	(\$20,931.10)	51	3/1/2018	(\$26,413.93)	(\$24,921.42)
22	10/1/2015	(\$26,413.93)	(\$21,053.20)	52	4/1/2018	(\$26,413.93)	(\$25,066.79)
23	11/1/2015	(\$26,413.93)	(\$21,176.01)	53	5/1/2018	(\$26,413.93)	(\$25,213.02)
24	12/1/2015	(\$26,413.93)	(\$21,299.53)	54	6/1/2018	(\$26,413.93)	(\$25,360.09)
25	1/1/2016	(\$26,413.93)	(\$21,423.78)	55	7/1/2018	(\$26,413.93)	(\$25,508.03)
26	2/1/2016	(\$26,413.93)	(\$21,548.75)	56	8/1/2018	(\$26,413.93)	(\$25,656.82)
27	3/1/2016	(\$26,413.93)	(\$21,674.45)	57	9/1/2018	(\$26,413.93)	(\$25,806.49)
28	4/1/2016	(\$26,413.93)	(\$21,800.89)	58	10/1/2018	(\$26,413.93)	(\$25,957.03)
29	5/1/2016	(\$26,413.93)	(\$21,928.06)	59	11/1/2018	(\$26,413.93)	(\$26,108.44)
30	6/1/2016	(\$26,413.93)	(\$22,055.97)	60	12/1/2018	(\$26,413.93)	(\$26,260.74)

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: Public Health, as Tenant

**LANDLORD: The Alhambra Office Community, LLC, a Delaware limited liability
company**

[1000 South Fremont Avenue, Alhambra]

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "**Lease**") dated _____, 2013, executed concurrently herewith, by and between **THE ALHAMBRA OFFICE COMMUNITY, LLC**, a Delaware limited liability company, as Landlord, and **COUNTY OF LOS ANGELES** as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) Base Tenant Improvement Allowance	\$598,745.00 (calculated at \$35.00 per rentable square foot of the Premises)
(b) Additional Tenant Improvement Allowance	\$513,210.00 (calculated at \$30.00 per rentable square foot of the Premises)
(c) Maximum Change Order Allowance	\$85,535.00 (calculated at \$5.00 per rentable square foot of the Premises)
(d) Additional Tenant Improvement and Change Order Amortization Rate:	7% per annum
(e) Basic Rent Reduction per \$1,000	N/A
(f) Tenant's Work Letter Representative	Kevin Webb or an assigned staff person of the Chief Executive Office-Real Estate Division
(g) Landlord's Work Letter Representative	Michael Taylor
(h) Landlord's Address for Work Letter Notice	The Alhambra Office Community, LLC 1000 South Fremont Avenue Unit 1, Building A10C, Suite 10150 Alhambra, California 91803 Attention: Victoria Deise
(i) Tenant's Address for Work Letter Notice	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012

	With a copy to: Chief Executive Office- Real Estate Division 222 South Hill Street, 3rd Floor Los Angeles, California 90012 Attention: Director of Real Estate
(j) Addenda	<u>Addendum A</u> : Base Building Improvement Plans <u>Addendum B</u> : Tenant Improvements <u>Addendum C</u> : Costs of Tenant Improvements <u>Addendum D</u> : Space Plan

2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed and shall construct the base Building improvements as a part of the Building as described on Addendum A hereto (the “**Base Building Improvements**”). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Lease Exhibit A, Addendum B and/or Addendum D hereto. All soft costs, architecture and engineering costs associated with the Base Building Improvements shall be itemized and separated from all soft costs, architecture and engineering costs associated with the Tenant Improvements.

2.2 Additional Costs Not Tenant Improvement Costs.

(a) In the event that the Premises as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Premises been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, operational shall be at Landlord’s sole cost and expense. Costs of upgrades from the Base Building Improvements to the operational HVAC and electrical systems identified in Lease Exhibit A, Addendum B and/or Addendum D shall be funded via the Tenant Improvement Allowances. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any “**Sick Building Syndromes**”, (ii) fire sprinkler system installation or upgrade (provided any fire sprinkler system or upgrade beyond the Base Building Improvements shall be a Tenant Improvement Cost),

(iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease except for those set forth in Lease Exhibit A, Addendum B and Addendum D attached hereto.

2.3 Base Building Plans. Landlord shall deliver to Tenant “as built” plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. Selection of Architect and Engineer. Landlord shall promptly solicit at least three (3) proposals from qualified licensed architect(s) (“**Architect**”) and engineer(s) (“**Engineer**”) familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings for Tenant Improvements as defined below. Within 48 hours of receipt of the proposals from the Architects and the Engineers, Landlord and Tenant shall jointly open and review the proposals. Landlord and Tenant, after adjustments for the inconsistent assumptions to reflect an “apples to apples” comparison, shall select an Architect and an Engineer. Landlord and Tenant shall mutually agree upon the most cost-effective, responsive and responsible Architect and the Engineer to be awarded the job.

4. Selection of Contractor. The Final Plans for the Tenant Improvements, as defined below in Section 5.4, shall be submitted to the contractors, selected by Landlord and Tenant, sufficient in number so that a minimum of 3 bids are received. Each approved contractor shall be requested to submit a guaranteed maximum price bid (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Within 48 hours of receipt of the proposals from the contractors, Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions to reflect an “apples to apples” comparison, shall select the most cost-effective, responsive and responsible contractor and such contractor (“**Contractor**”) shall enter into a construction contract (“**Construction Contract**”) with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, and file room (the “**Space Plan**”, which is attached to this Work Letter as Addendum D).

5.2 Preparation and Approval of Working Drawings. Within ten (10) business days after this Lease is executed by the County Board of Supervisors (the “**Plan Submission Date**”), Landlord shall instruct the Architect to commence preparation of Working Drawings for the Tenant Improvements (the “**Working Drawings**”), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable

of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review.

Tenant shall approve or disapprove the Working Drawings within ten (10) business days after Tenant receives the Working Drawings and, if disapproved, Tenant shall return the Working Drawings to Landlord specifying the reason for its disapproval, which disapproval shall be limited to the failure of Working Drawing to substantially conform to the Space Plans. Tenant shall approve or disapprove the revised Working Drawings within five (5) business days after Tenant receives the revised Working Drawings. Tenant's failure to either approve or disapprove the Working Drawings or the revised Working Drawings within the time periods set forth herein shall be deemed to constitute Tenant's approval of the Working Drawings or such revisions.

Landlord shall be solely responsible for insuring that the Working Drawings comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("**Engineering Drawings**") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

Tenant shall approve or disapprove the Engineering Drawings within ten (10) business days after Tenant receives the Engineering Drawings and, if disapproved, Tenant shall return the Engineering Drawings to Landlord specifying the reason for its disapproval, which disapproval shall be limited to the failure of the Engineering Drawings to substantially conform to the Working Drawings. Tenant shall approve or disapprove the revised Engineering Drawings within five (5) business days after Tenant receives the revised Engineering Drawings. Tenant's failure to either approve or disapprove the Engineering Drawings or revised Engineering Drawings within the time periods set forth herein shall be deemed to constitute Tenant's approval of the Engineering Drawings or such revisions.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "**Final Plans**") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction

detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

Tenant shall approve or disapprove the Final Plans within ten (10) business days after Tenant receives the Final Plans and, if disapproved, Tenant shall return the Final Plans to Landlord, specifying the reason for its disapproval, which disapproval shall be limited to the failure of the Final Plans to substantially conform to the Working Drawings and the Engineering Drawings. Tenant shall approve or disapprove the revised Final Plans within five (5) business day after Tenant receives the revised Final Plans. Tenant's failure to either approve or disapprove the Final Plans or the revised Final Plans within the time periods set forth herein shall be deemed to constitute Tenant's approval of the Final Plans.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld (and shall be granted within five (5) business days of receipt thereof by Tenant), setting forth the dates for specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within fifteen (15) business days after the Contractor is selected, Landlord shall submit to Tenant a preliminary budget, which shall include the Contractor's contingency (the "**Preliminary Budget**"). Tenant shall have ten (10) business days from the date of receipt of the Preliminary Budget to approve or disapprove the Preliminary Budget. In the event Tenant shall approve the Preliminary Budget, then that shall be defined as the "**Final Construction Budget**". In the event Tenant shall disapprove the Preliminary Budget, then Tenant shall provide proposed "value engineering" to the Preliminary Budget within such ten (10) business-day period, in which event Landlord shall provide Tenant with a revised Preliminary Budget. Tenant shall have 48 hours to approve the revised Preliminary Budget, it being understood and agreed by the parties hereto that the time period incurred due to Tenant "value engineering" the Preliminary Budget shall be deemed to be a Tenant Delay (as hereinafter defined). Once approved, the Preliminary Budget shall be referred to as the "**Final Construction Budget**". Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the time periods set forth herein expire without any response from Tenant.

Landlord shall construct the Tenant Improvements according to Tenant's plans and specifications outlined in Lease Exhibit A, Addendum B and Addendum D hereto and the Final Plans at Landlord's sole cost and expense, subject to reimbursement as set forth in Section 6.3 hereof. When considering the costs of the Tenant Improvements, the following shall be included in the determination of said costs: an amount equal to Landlord's actual costs for architects' fees, contractors' fees, engineers' fees, other professionals' fees (if any, and only as approved in advance by Tenant), plus an additional charge of three percent (3%) of construction costs for those items set forth in Addendum B and Addendum D, as a supervision fee for Landlord.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Lease Exhibit A, Addendum B and Addendum D hereto, shall be collectively referred to herein as "**Tenant Improvements**" and the cost thereof shall be first borne by Landlord and later reimbursed by Tenant in the manner provided for in Section 6.3 hereof. Costs of Tenant Improvements ("**Tenant Improvement Costs**") may include costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance, as defined in Section 1 hereof. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Base Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance and/or cost of the Change Order, if any, used to pay for the Tenant Improvement Costs above and beyond the Base Tenant Improvement Allowance shall be paid to Landlord in amortized monthly payments over the initial sixty (60) months of the term of the Lease at the Tenant Improvement Amortization Rate. Notwithstanding the foregoing, Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs required to be reimbursed by Tenant, amortizing any remaining amount in monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate. In the event the Tenant Improvement Costs exceed the Base Tenant Improvement Allowance and the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance, Tenant shall be responsible for such excess and shall pay for such excess within thirty (30) days of the date Tenant approves the Final Construction Budget.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Lease Exhibit A, Addendum B and Addendum D hereto and the Final Plans.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be

selected only after three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit three (3) sealed guaranteed maximum price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The three (3) bids shall include the Contractor's contingency and an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Base Building Improvements and Tenant Improvements within fifteen (15) business days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Base Building Improvements and Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays and/or Tenant Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors. Landlord further agrees to reimburse Tenant for any and all expenses incurred by Tenant as a result of inadequate clean-up, only after providing Landlord with ten (10) days' written notice specifying in reasonable detail what it considers inadequate clean-up and allowing Landlord ten (10) days to cure such remaining clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic

needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans (“**as-builts**”) incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such “as-built” or “record documents” shall be submitted on three and one-half inch (3½”) 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans (“**Change Order**”) provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance.

Upon Substantial Completion of the Tenant Improvements, Tenant shall pay for Change Orders via partial or full lump sum payment and/or via amortized monthly payments over the initial sixty (60) months of the term of the Lease at the Tenant Improvement Amortization Rate. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

In the event the cost of the Change Orders exceeds the Maximum Change Order Allowance, Tenant shall be responsible for such excess and shall pay for excess pursuant to this Section 8.

9. Furniture System.

9.1 Tenant shall deliver to Landlord within 10 business days after the Lease is executed by the County Board of Supervisors, modular furniture plans and specifications (the “**Modular Specifications**”, Exhibit A to the Lease). Based on the Modular Specifications, Landlord and /or Landlord’s architect, shall prepare a modular furniture specifications bid package for submission to no less than 3 furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package for three (3) business days after Tenant receives same. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs (shipping, storage, and taxes). Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the

lowest price and such vendor (“**Vendor**”) shall enter into a contract (“**Furniture Contract**”) with Landlord consistent with the terms of the bid.

Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord for the cost of the modular furniture as set forth in Section 6.3 hereof. The Furniture Contract or financed transaction entered into between the Landlord, the furniture vendor and/or lender shall be acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed 60 months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party Landlord (“**Creditor**”). In the event the Tenant elects to enter into a lease-purchase financing of the furniture (the “**Personal Property**”) through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. Tenant Improvement Costs Adjustment and Right to Audit. Within twenty (20) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Alhambra, which ever occurs first, Landlord shall notify Tenant of the final Tenant Improvement costs, by executing a summarized breakdown of the total costs of the Tenant Improvements in the form of the attached Addendum C – Memorandum of Tenant Improvement Costs. Tenant shall have the right to audit such costs for a period of twenty-four (24) months from the date of Tenant’s acceptance of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord’s Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results. In the event Landlord disagrees with the results of the audit, Landlord shall appoint an independent auditor (subject to Tenant’s consent thereto) to review the total Tenant Improvement Costs and the conclusion of the independent auditor shall be binding on the parties.

11. Exclusions. The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate

use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. Telephone/Computer Room and Equipment. Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement Date. During this thirty (30)-day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. Delay.

13.1 Tenant Delays and Force Majeure Delays. Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements (excluding Tenant Delays, defined below). Subject to the provisions of Section 13.2, the Projected Commencement Date and the Commencement Date set forth in the Lease shall be extended one (1) business day for each day that: (i) (1) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements, and/or (2) any Change Order, if such Change Order actually delays the Substantial Completion of the Tenant Improvements per this Work Letter (referred to herein as "**Tenant Delay(s)**"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "**Force Majeure Delay(s)**").

13.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 24 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date and/or the Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make.

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10)-day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Base Building Improvements and/or Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Base Building Improvements and/or Tenant Improvements have not been completed within one hundred twenty (120) days from the Projected Commencement Date (extended for Tenant Delays and Force Majeure Delays), Tenant may, at its option:

14.1 Cancel the Lease upon thirty (30) days' written notice to Landlord; or

14.2 Upon thirty (30) days' written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b) Tenant shall not have the right to terminate this Lease pursuant to Section 14.1 hereof. Notwithstanding the foregoing, all other early termination provisions of the Lease and this Work Letter shall remain valid and prevail throughout the Base Building Improvement and Tenant Improvement process and term of the Lease.

(c) Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements to the extent not previously funded by Landlord through the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance (to the extent Tenant has requested a Change Order), including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of seven percent (7%) (collectively, "**Tenant's Total Expense**"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder and under the Lease.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. Representatives.

(a) Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) business days of the date the Contractor is selected.

18. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

"LANDLORD"

**THE ALHAMBRA OFFICE
COMMUNITY, LLC,**
a Delaware limited liability company

By: **AIGGRE-TRC Alhambra Stabilized
Project, LLC,**
a Delaware limited liability company,
its Sole Member

By: **AIGGRE-TRC Alhambra, LLC,**
a Delaware limited liability company,
its Sole Member

By: **Ratkovich 1000, LLC,**
a California limited liability company,
its Administrative Member

By: **Ratkovich Investment Company, LLC,**
a California limited liability company,
its Managing Member

By: Wayne Ratkovich
Print Name: WAYNE RATKOVICH
Title: MANAGING MEMBER

"TENANT"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____

Name: _____
Chair, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed and shall construct, at its sole cost and expense Base Building Improvements to include the following:

- (a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) the mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building;
- (c) men's and women's restrooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- (e) HVAC system and duct for cooling and heating;
- (f) fire sprinkler distribution, including secondary piping and sprinkler heads as required by government regulations;
- (g) fire-life safety system as required by government regulations;
- (h) gypsum board drywall on the service core walls, columns and sills in the Premises.
- (i) electrical closet with transformer(s) providing adequate power of not less than seven (7) watts per rentable square foot;
- (j) telephone closet with MPOE for phone service;
- (k) mechanical equipment room with ducted mechanical exhaust system;
- (l) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required by government regulations;
- (m) primary fire-life safety enunciation system "backbone" and panels as required by government regulations.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements to be constructed using the Tenant Improvement Allowances shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finishes in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (f) HVAC and electrical upgrades above and beyond the Base Building Improvements set forth in Addendum A hereof;
- (g) Conduits, electrical/data outlets and other electrical components sufficient for Tenant's electrical and data specifications;
- (h) Any and all signs for Tenant and the power therefor;
- (i) After-hours HVAC system, separate from main Base Building HVAC system, for telephone/computer room;

ADDENDUM C To Landlord's Work Letter

Memorandum of Tenant Improvement Costs

This Agreement is dated this _____ day of _____, 20____, for reference purposes only, by and between Landlord, _____, and Tenant, COUNTY OF LOS ANGELES.

The parties hereto have entered into a Lease dated as of _____ (the "**Lease**") for the leasing by Landlord to Tenant of the buildings located at _____ ("the **Premises**").

Landlord and Tenant hereby confirm the following:

A. The final total cost of the tenant improvements is (\$_____).

This is comprised of:

Lease Budget		<u>Actual Cost</u>
\$	Tenant Improvement Allowance	\$ _____
\$	Additional Tenant Improvement Allowance	\$ _____
\$	Change Order Allowance	\$ _____
\$	Total	\$ _____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Landlord:

By:

Its: _____

Tenant:

COUNTY OF LOS ANGELES

By _____

ADDENDUM D To Landlord's Work Letter Space Plan

